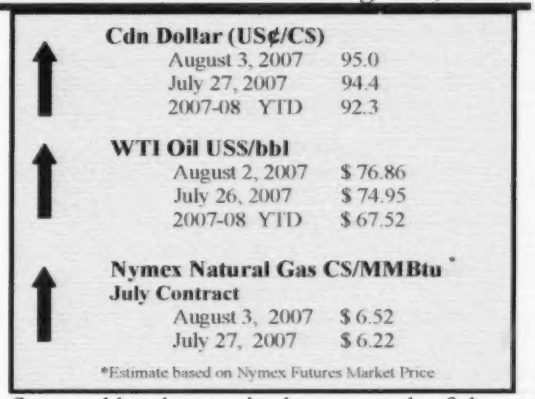
WEEKLY ECONOMIC REVIEW

August 3, 2007

Canada's real GDP growth rose by 0.3% from April to May, after remaining essentially unchanged in April. The biggest retail trade gain (+2.5%) since November 2001 and a significant increase in wholesale trade (+1.4%) propelled the growth, despite a drop in the energy sector (-1.1%). The strong economic growth buttresses expectations that the Bank of Canada will raise interest rates again before the end of the year.

Average home resale prices in Canada reached a record of $315,332 in June, up 11.2% from June 2006, according to the Canadian Real Estate Association. Provincially, average prices broke records in Alberta, Saskatchewan, Ontario, New Brunswick, Nova Scotia, and Newfoundland and Labrador. Alberta's home resale prices averaged $364,072 in June, with a 12-month jump of 24.7%, second to Saskatchewan which increased 34.9%.

Although Canada's building permits slipped 0.4% from May to June, the construction sector remained on fire with permits at its second-highest level on record. The national decrease was largely due to a drop in Alberta's non-residential permits, as demand for office space in Calgary had inflated the value in May. While total Alberta building permits declined by 15% in June, residential permits rose by 46.4% to a record $983 million, with multi-family permits increasing a whopping 166%.


Cdn Dollar (US¢/C$)
August 3, 2007 95.0
July 27, 2007 94.4
2007-08 YTD 92.3
WTI Oil US$/bbl
August 2, 2007 $ 76.86
July 26, 2007 $ 74.95
2007-08 YTD $ 67.52
Nymex Natural Gas C$/MMBtu *
July Contract
August 3, 2007 $ 6.52
July 27, 2007 $ 6.22
*Estimate based on Nymex Futures Market Price

Influenced by the continuing strength of the Canadian dollar, the Industrial Product Price Index fell by 1.3% from May to June. The decrease is mainly attributable to the decline in prices for primary metals, petroleum products and motor vehicles. Over the same period, the Raw Materials Price index rose 0.6% due primarily to higher prices for mineral fuels, vegetable products and wood.

Although the number of rigs drilling rose by 72.5% from June to July, it remained 42.5% below the July 2006 level. Through the first seven months of 2007, drilling activity was down by 36.6% from the same period of 2006.

Oil prices retreated to around $76 today after setting a record high of $78.21 on Tuesday following a U.S. government report that showed a drop in crude stocks and a surge in refinery activity.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Real GDP (millions of $1997)	**May**			
Canada	1,116,632	0.3%	2.5%	2.2%
Building Permits ($ Millions)	**June**			
Alberta	1,522.8	-15.0%	16.4%	27.6%
Canada	6,906.4	-0.4%	21.0%	18.2%
Industrial Product Price Index (1997=100)	**June**			
Canada	116.3	-1.3%	2.2%	3.6%
Raw Materials Price Index (1997=100)	**June**			
Canada	174.7	0.6%	4.9%	6.2%

Source: Statistics Canada
[1]Year-to-date 2007 compared to the same period in 2006.